

Report on Examination

of

Presbyterian Retirement Communities, Inc.

d/b/a

Westminster Winter Park

Winter Park, Florida

as of

June 30, 2019



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SCOPE OF EXAMINATION

The Florida Office of Insurance Regulation (“OIR”), Life & Health Financial Oversight unit conducted a routine examination of Presbyterian Retirement Communities, Inc. d/b/a Westminster Winter Park (“Westminster Winter Park”), pursuant to Section 651.105, Florida Statutes. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 651, Florida Statutes, and Rule Chapter 69O-193, Florida Administrative Code. The examination covered the period of April 1, 2012 through June 30, 2019.

COMPANY HISTORY

Presbyterian Retirement Communities, Inc. d/b/a Westminster Winter Park, a Florida not-for-profit corporation was granted a certificate of authority by the OIR to offer continuing care contracts on May 5, 1980. Presbyterian Retirement Communities, Inc., operates Westminster Winter Park, a continuing care retirement community (“CCRC”) facility located in Winter Park, Florida, that is managed by Westminster Services, Inc., an affiliated entity.

Westminster Winter Park operates on the fiscal year April 1 through March 31. As of March 31, 2019, Westminster Winter Park reported in its Annual Report filed with the OIR: 439 Continuing Care Units consisting of 376 Independent Living Units and 63 Assisted Living Units; 120 Skilled Nursing Units consisting solely of Community Beds; and 13 Rental Units. As of that date, there were 659 individuals reported residing at Westminster Winter Park: 570 pursuant to a continuing care agreement; 13 pursuant to a rental agreement; and 76 skilled nursing-community patients (non-CCRC).

SUMMARY OF FINDINGS

ANNUAL REPORT

Section 651.026(2)(c)6., Florida Statutes, provides in part that if a provider has more than one certificated facility it shall submit a balance sheet, statement of income and expenses, statement of equity of fund balances, and statement of cash flows for each facility licensed under this chapter as supplemental information to the audited financial statements.

Finding:

Westminster Winter Park failed to include in its fiscal year 2019 Annual Report filing to the OIR, Audited Financial Statements that included, as supplemental information for each of its certificated facilities, a balance sheet, statement of income and expenses, statement of equity of fund balances, and statement of cash flows, as required by Section 651.026(2)(c)6., Florida Statutes

WAIT LIST FORMS

Westminster Winter Park provided a list of 719 wait list deposits received during the scope period of the examination. A sample of 47 wait list deposits was selected and reviewed for compliance with Sections 651.022(2)(g) and 651.033(4), Florida Statutes, and Rule 69O-193.018, Florida Administrative Code.

Finding:

Section 651.022(2)(g), Florida Statutes, provides in part that wait list contract forms be submitted to the OIR and approved prior to use.

In 47 instances, Westminster Winter Park failed to utilize a wait list contract form that was approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 20 instances, Westminster Winter Park accepted and acknowledged receipt of wait list deposits from individuals on form "WS PRC TR 5-9-10". In the remaining 27 instances, form "88014, 88050, 88048, 88056 -- Res_Deposit_Escrow Rev. 5/9/17" was utilized.

Subsequent Event: In response to this examination, Westminster Winter Park filed wait list contract forms with the OIR, and they were approved on January 11, 2023.

RESERVATION FORMS

Westminster Winter Park provided a list of 583 continuing care contracts entered into during the scope period of the examination. A sample of 60 transactions was selected and reviewed for compliance with Section 651.022(2)(g), Florida Statutes.

Finding:

Section 651.022(2)(g), Florida Statutes, provides in part that reservation contract forms be submitted to the OIR and approved prior to use.

In 59 instances, Westminster Winter Park failed to utilize a reservation contract form approved by the OIR, as required by Section 651.022(2)(g), Florida Statutes. In 42 instances, Westminster Winter Park accepted and acknowledged receipt of reservation deposits from individuals on form "WS PRC TR 5-9-10". In nine instances, form "88014, 88050, 88048, 88056 -- Res_Deposit_Escrow Rev. 5/9/17" was utilized. In seven instances, an accepted and acknowledged receipt of reservation deposits was not provided. In one instance, form "PRC TR 3/30/06" was utilized. In the final instance, there was no reservation agreement entered.

Subsequent Event: In response to this examination, Westminster Winter Park filed reservation contract forms with the OIR, and they were approved on January 11, 2023.

QUARTERLY MEETINGS WITH RESIDENTS

Quarterly meeting minutes, meeting notices, agendas, and Annual Reports filed with the OIR during the scope period of the examination were reviewed for compliance with Section 651.085, Florida Statutes.

Finding 1:

Section 651.085(1), Florida Statutes, provides in part that the governing body of the provider, or the designated representative of the provider, shall hold quarterly meetings with the residents of the continuing care facility for the purpose of free discussion of subjects including, but not limited to, income, expenditures, financial trends, and problems as they apply to the facility, as well as discussion on proposed changes in policies, programs, and services.

In two instances, Westminster Winter Park failed to hold the Section 651.085(1), Florida Statutes, quarterly meetings with the residents, or provide documentation to demonstrate these quarterly meetings were held. Accordingly, the examination was unable to determine if these quarterly meetings were held in accordance with the provisions of Section 651.085(1), Florida Statutes

Finding 2:

Section 651.085(1), Florida Statutes, provides in part that residents shall be provided at least 7 days' advance notice of each quarterly meeting between the governing body of the provider, or the designated representative of the provider, and the residents.

In five instances, Westminster Winter Park failed to provide the residents with at least 7 days' advance notice of quarterly meetings that were held between the governing body of the provider, or the designated representative of the provider and the residents of the

continuing care facility, as required by Section 651.085(1), Florida Statutes. These instances pertain to the quarterly meetings with residents held on: March 4, 2016; September 2, 2016; March 3, 2017; September 1, 2017; and March 1, 2019.

Finding 3:

Section 651.085(1), Florida Statutes, provides in part that the annual report pursuant to Section 651.026, Florida Statutes, shall include the dates on which quarterly meetings were held during the reporting period.

In six instances, Westminster Winter Park failed to accurately report in the Annual Reports filed with the OIR the dates on which quarterly meetings with residents were held, as required by Section 651.085(1), Florida Statutes.

NEW FINANCING, ADDITIONAL FINANCING OR REFINANCING

Information was obtained and reviewed related to new financing, additional financing, and refinancing during the scope period of the examination to determine compliance with Section 651.019, Florida Statutes (2018).

Finding 1:

Section 651.019(1), Florida Statutes (2018), requires the provider to submit to the OIR a general outline including the intended use of proceeds, with respect to any new financing, additional financing or refinancing at least 30 days before the closing date of such transaction.

In one instance, Westminster Winter Park failed to provide the OIR with a general outline including the intended use of proceeds at least 30 days before the closing date of a financing transaction, as required by Section 651.019(1), Florida Statutes (2018). The financing

transaction was entered into on or about June 15, 2015; notification related to the financing transaction was provided to the OIR 19 days prior to the closing of the transaction on May 27, 2015.

Finding 2:

Section 651.019(2), Florida Statutes (2018), requires the provider to submit to the OIR copies of the executed financing documents within 30 days after the closing date of the transaction.

In one instance, Westminster Winter Park failed to provide the OIR with copies of the executed financing documents within 30 days after the closing of the financing transaction, as required by Section 651.019(2), Florida Statutes. In this instance, Westminster Winter Park entered into a financing agreement on or about December 1, 2016; the OIR was provided copies of the executed financing documents 44 days later on January 14, 2017.

NOTIFICATIONS TO THE OIR

Finding:

The Florida Department of State, Division of Corporations website (www.sunbiz.com) was reviewed for items of significance.

Westminster Winter Park amended its Articles of Incorporation, effective May 17, 2017, and failed to notify the OIR and file pertinent documents within five business days, as required by Rule 69O-193.058, Florida Administrative Code (2018). In addition, Westminster Winter Park failed to disclose this amendment to its Articles of Incorporation in their June 30, 2017 Quarterly Report Interrogatories filed with the OIR.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Documentation was reviewed to determine compliance with the Residents' Council disclosure requirements, pursuant to Sections 651.081(2)(a), and 651.085(3), Florida Statutes, as well as, Section 651.091(2), Florida Statutes (2018).

Finding 1:

Section 651.081(2)(a), Florida Statutes, provides in part that within 30 days of the election of a newly elected president or chair of the residents' council, the provider shall give the elected president or chair a copy of Chapter 651, Florida Statutes, and Rule Chapter 690-193, Florida Administrative Code, or direct him or her to the appropriate public website to obtain this information.

In two instances, Westminster Winter Park failed to provide the newly elected President of the Residents' Council a copy of Chapter 651, Florida Statutes, and Rule Chapter 690-193, Florida Administrative Code, or to direct the individual to the appropriate public website to obtain the information, as required by Section 651.081(2)(a), Florida Statutes.

Finding 2

Section 651.091(2)(f), Florida Statutes (2018), provides that each continuing care facility deliver to the president or chair of the residents' council a summary of entrance fees collected and refunds made during the time period covered in the annual report and the refund balances due at the end of the report period.

In one instance, Westminster Winter Park failed to provide documentation to demonstrate that a summary of entrance fees collected, and refunds made during the time period covered in the Annual Report and the refund balances due at the end of the report period for the fiscal year 2017 was delivered to the President or Chair of the Residents' Council,

as required by Section 651.091(2)(f), Florida Statutes (2018). In this instance the examination was unable to determine if this was provided.

Finding 3:

Section 651.091(2)(g), Florida Statutes (2018), provides in part that the continuing care facility shall deliver to the president or chair of the residents' council a copy of each quarterly statement within 30 days after the quarterly statement is filed with the OIR.

In five instances, Westminster Winter Park failed to provide documentation to demonstrate that a copy of the Quarterly Statement was delivered to the President or Chair of the Residents' Council within 30 days after the Quarterly Statement is filed with the OIR, as required by Section 651.091(2)(g), Florida Statutes (2018).

MINIMUM LIQUID RESERVE

As of March 31, 2019, the Westminster Winter Park's Minimum Liquid Reserve was funded in accordance with Section 651.035, Florida Statutes (2018).

SUMMARY OF RECOMMENDATIONS

ANNUAL REPORT

The OIR recommends Westminster Winter Park ensures that it includes all supplemental information required to be filed as part of its Annual Report to the OIR in accordance with Section 651.026(2)(c)6, Florida Statutes.

WAIT LIST FORMS

The OIR recommends Westminster Winter Park establish adequate procedures and controls to ensure wait list contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

RESERVATION FORMS

The OIR recommends Westminster Winter Park establish adequate procedures and controls to ensure reservation contract forms are approved by the OIR prior to use, in accordance with Section 651.022(2)(g), Florida Statutes.

QUARTERLY MEETINGS WITH RESIDENTS

Findings 1 and 2: The OIR recommends Westminster Winter Park establish adequate procedures and controls to ensure the statutory quarterly meetings with residents are held and properly noticed, in accordance with Section 651.085(1), Florida Statutes.

Finding 3: The OIR recommends Westminster Winter Park establish adequate procedures and controls to ensure the dates on which quarterly meetings with residents held are accurately reported in the Annual Reports filed with the OIR, in accordance with Section 651.085(1), Florida Statutes.

NEW FINANCING, ADDITIONAL FINANCING, OR REFINANCING

Findings 1 and 2: The OIR recommends Westminster Winter Park ensures compliance with Section 651.019, Florida Statutes.

NOTIFICATIONS TO THE OIR

The OIR recommends Westminster Winter Park ensures the OIR is timely provided information and documentation, in accordance with requirements of Chapter 651, Florida Statutes and Rule Chapter 690-193, Florida Administrative Code.

RESIDENTS' COUNCIL REQUIRED DISCLOSURES

Findings 1 through 3: The OIR recommends Westminster Winter Park establish adequate procedures and controls to ensure all required Chapter 651, Florida Statutes, residents' council disclosures are provided, and documentation is obtained to demonstrate the disclosures were provided.

CONCLUSION

This Final Report of Examination is based upon the information provided to the OIR from Presbyterian Retirement Communities, Inc. d/b/a Westminster Winter Park and additional research conducted by the OIR.

The following individuals from the Florida Office of Insurance Regulation participated in the examination: Bernie L. Stoffel, Senior Management Analyst Supervisor; Alicia Thompkins-Perryman, CFE, APIR, Financial Specialist; and Kyle Barber, Financial Specialist.

Respectfully submitted,

Carolyn M. Morgan, APIR
Director, Life & Health Financial Oversight
Florida Office of Insurance Regulation
Date Signed: _____